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May 23, 2003

MACQUARIE NORTH AMERICA LTD.
AND ARUP CANADA INC.
C/o Mr. James C.S. Cowan
Executive Vice President
Macquarie North America Ltd.
121 King Street West, 8th Floor
Toronto, ON
M5H 3T9

Dear Sirs: **Air Rail Link between Toronto Union Station and the Toronto Lester B. Pearson International Airport**

Canadian National Railway Company ("CN") acknowledges that Transport Canada issued a 'Request for Expressions of Interest, Air Rail Link from Toronto Lester B. Pearson International Airport to Union Station' ("RFEOI") dated April 12, 2001, a copy of which was received by CN, to persons interested in financing, designing, constructing, operating and maintaining a passenger railway service that will be operated between Union Station and Toronto Lester B. Pearson International Airport ("LBPIA") over track that includes the Spur Line ("Air Rail Link").

A glossary of the defined terms used herein is set forth in Schedule A.

Transport Canada has advised CN that, pursuant to the RFEOI, Transport Canada has qualified four respondents (each a Qualified Respondent), which included "The Union Pearson Group Inc." (the "Respondent"). Transport Canada is inviting the Qualified Respondents to submit a Response to the 'Request for Business Case, Air Rail Link from Toronto Lester B. Pearson International Airport to Union Station' ("RFBC") issued by Transport Canada on May 23, 2003, to finance, design, construct, operate and maintain the Air Rail Link.

CN is a stakeholder, in the proposed Air Rail Link because CN owns and is responsible for the management, operation and maintenance of the CN Track, and as such the involvement of CN in the Air Rail Link is required.

Transport Canada has further advised CN that there are stakeholders in addition to CN whose collective involvement in the Air Rail Link is required, and that they are each issuing letters to Transport Canada, with respect to the terms and conditions of their involvement in the Air Rail Link. CN and such other stakeholders are herein collectively called "Stakeholders" and individually called a "Stakeholder". The Major Stakeholders, which includes CN, are providing to the Respondents as part of the RFBC, letter agreements which may be accepted by each Respondent, or negotiated by such Respondent with each Stakeholder, to form a binding

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Stakeholder Agreement Letter between such Respondent and such Stakeholder. Minor Stakeholders have provided to Transport Canada letters outlining the terms and conditions upon which they are prepared to negotiate agreements setting forth the terms of their involvement with the Air Rail Link. The letter agreements between Major Stakeholders and the Qualified Respondents are herein collectively called "Stakeholder Agreement Letters" and individually called a "Stakeholder Agreement Letter". This Stakeholder Agreement Letter is the agreement between CN and the Respondent, referred to in CN letter of May 23, 2003 to Transport Canada included in Appendix 1 of the RFBC.

CN understands that this Stakeholder Agreement Letter will form part of the RFBC.

CN understands that the role of Transport Canada is to facilitate the Process, whereby the Qualified Respondents were identified and pursuant to the criteria set forth in the RFBC, one of the Qualified Respondents may be selected by Transport Canada to be the successful respondent ("Successful Respondent"). Such selection will then permit the Successful Respondent to enter into Final Stakeholder Agreements.

In consideration of the Respondent's participation in the Process and for other good and valuable consideration, CN hereby agrees with the Respondent, as follows:

1. ACKNOWLEDGEMENTS AND UNDERTAKINGS

1.1 The Air Rail Link can only be designed, constructed, operated and maintained through the Final Stakeholder Agreements between the Successful Respondent and each Stakeholder.

1.2 In order for the Respondent to submit a Response, the Respondent must have certainty as to the terms and conditions on which CN is prepared to enter into a Final Stakeholder Agreement with the Respondent, should it be selected as the Successful Respondent.

1.3 The terms of this Stakeholder Agreement Letter set forth the mandatory (Section 4), negotiable (Section 5) and optional provisions (Section 6) relating to CN's involvement in the Process and the Air Rail Link. CN agrees that it shall negotiate the negotiable terms and, as the case may be, the optional provisions with the Respondent in good faith.

1.4 Any information and data requested by the Respondent from CN and that CN acting reasonably considers to be required in connection with the Process must be submitted to Transport Canada who, subject to confidentiality undertaking between CN and Transport Canada governing disclosure of CN confidential information, will provide the CN information and data to the Respondent, provided the Respondent has executed the confidentiality agreement required as part of the Process. The cost incurred by CN for providing such information shall be paid for by the Respondent.

1.5 The Final Stakeholder Agreement will incorporate common commercial and legal terms and conditions, including default, remedies, risk allocation and insurance requirements, bankruptcy and insolvency protection, indemnities, restrictions on the Successful Respondent's ability to

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assign and transfer its rights, title and interest in the Final Stakeholder Agreement , termination rights, and such other terms and conditions as the parties acting in good faith shall negotiate. CN agrees to negotiate the Final Stakeholder Agreement with the Successful Respondent with a view of settling, executing and delivering the Final Stakeholder Agreement within the time periods described in Section 3.1 of this Stakeholder Agreement Letter.

2. EFFECTIVE PERIOD OF THIS STAKEHOLDER AGREEMENT LETTER

If Transport Canada does not select the Respondent as the Successful Respondent within five hundred and forty (540) days from the date on which the RFBC was issued, the obligations of CN under this Stakeholder Agreement Letter shall terminate and shall be of no further force or effect. If the Respondent is selected as the Successful Respondent within five hundred and forty (540) days from the date on which the RFBC was issued, then the provisions of this Stakeholder Agreement Letter shall continue to apply for the benefit of the Respondent as provided in Section 3.1.

3. FINAL STAKEHOLDER AGREEMENT

3.1 If the Respondent is selected as the Successful Respondent as provided under Section 2 above, CN shall enter into a Final Stakeholder Agreement with the Respondent within one hundred and eighty (180) days following the date of selection. If the Final Stakeholder Agreement is not entered into within one hundred and eighty (180) days after the selection of the Respondent as the Successful Respondent, then this Stakeholder Agreement Letter shall terminate and be of no further force or effect.

Upon selection of the Successful Respondent, CN and the Successful Respondent may in their sole, subjective and unfettered discretion agree to change any terms and conditions described in Sections 4, 5 and 6 of this Stakeholder Agreement Letter without incurring any liability of any kind to any Respondent that has not been selected as the Successful Respondent.

Final Stakeholder Agreement Becomes Effective - The Final Stakeholder Agreement between CN and the Respondent, will only become effective when and if the Respondent has obtained Final Stakeholders Agreements from each of GTAA and GO.

Evidence of Final Stakeholder Agreements - The Respondent must provide evidence acceptable to CN that all necessary Final Stakeholder Agreements have been obtained.

4. MANDATORY TERMS

4.1 General Conditions:

- (a) Term – The Final Stakeholder Agreements will be for a term (“Term”) commencing on the date in which all Final Stakeholder Agreements become effective and terminating on November 30, 2026. The Respondent shall have three options to renew the initial Term for an additional period of ten (10) years

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each, subject to an agreement between the parties acting within their unfettered discretion on the renewal conditions, including access fee. The Respondent shall notify CN at least one year prior to the expiry of the then current term of the exercise of the option. If the parties acting within their unfettered discretion have not been able to agree on the renewal conditions, including access fee, at least six months prior to the expiry of the then current term, then the Final Stakeholder Agreement shall terminate at the expiry of the then current term.

- (b) Approvals:
- (i) The Respondent shall obtain or cause to be obtained all applicable Governmental Approvals necessary to permit:
 - (A) the design, construction and maintenance of the Spur Line; and
 - (B) the operation and maintenance of the Air Rail Link service in the manner described in the RFBC.
 - (ii) GO shall carry out, at its own costs, and CN shall assist GO in carrying out, an environmental assessment ("EA") for the Air Rail Link.
- (c) Authority not giving rise to responsibility - Neither CN's authority to act under any of the provisions hereof nor its decision either to exercise or not to exercise such authority shall give rise to any duty or responsibility of CN, its agents, representatives or employees.
- (d) Liability – The liability arising from the Air Rail Link Service while operating on the CN Track shall be dealt with in a manner consistent with CN's standard liability and indemnity provisions for commuter services provided in the same jurisdiction on and over the rights-of-way, tracks and premises of CN and, as the case may be, the commuter services operator. In the event CN has more than one standard of liability and indemnity provisions for commuter services as aforesaid, CN acting in its unfettered discretion shall select the standard it considers the most appropriate to the Air Rail Link Service. The Respondent acknowledges and agrees that liability shall generally be allocated regardless of fault or negligence.
- (e) Insurance - The Respondent shall provide such insurance, in amounts and for risks as CN acting reasonably may prescribe from time to time, as may be necessary to design, construct, operate, and maintain the Air Rail Link.

All such insurance will be in a form and with an insurer reasonably acceptable to CN and on terms and conditions satisfactory to CN and will waive any right of subrogation against CN and against those for whom it is responsible in law and will name CN as additional named insured as its interests may appear. All policies will provide that they shall not be invalidated by any act, omission or neglect of

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the Respondent or those for whom it is responsible at law. All policies of such insurance will be primary and not call into contribution or be in excess of any other insurance available to CN or the additional named insured(s). The Respondent agrees to deliver to CN, on request, proof of the above-required insurance in force at such date, such proof to be in the form of copies of current policies or certificates of insurance. Respondent also agrees to deliver to CN an endorsement or endorsements describing the above-noted insurance, wherein Respondent's insurer or insurers agrees to give 30 days' prior written notice by prepaid, registered mail to CN of any material change in, cancellation of, or termination of such insurance, and Respondent further agrees to deliver to Landlord copies of renewal policies or certificates together with endorsements including the above-noted information, and if Respondent fails to insure or file satisfactory proof of insurance, CN may without notice to Respondent effect such insurance and recover any premiums paid therefor from Respondent on demand.

Without limiting the generality of the foregoing, the Respondent will obtain and maintain the following insurance:

- (i) Comprehensive general liability insurance including, but not limited to, coverage for passenger liability, contractual liability, personal liability, products liability, contingent employers liability and sudden and accidental pollution.

The insurance shall be in an amount of no less than one hundred million dollars (\$100,000,000.) combined single limit for bodily/personal injury including death and/or property damage to or destruction of property (including loss of use) caused by an accident or an occurrence and shall include contractual liability endorsement specifically granting coverage for all liability assumed by the Respondent under this Agreement.

- (ii) Workers Compensation insurance in amounts no less than the statutory limits and employer's liability in an amount of no less than one hundred million dollars (\$100,000,000.)
- (f) Assurance of Payment/Performance – CN shall be entitled to demand that the Respondent provides, and the Respondent shall provide security for the performance of any of Respondent's obligation (including the payment of any amount owing to CN) in the form, amount and term reasonably specified by CN, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to CN or performance bond or guarantee by an entity acceptable to CN.

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4.2 Design/Construction

- (a) **Costs and Expenses/Spur Line** - The Respondent shall be responsible for all the costs and expenses associated with the design, construction, maintenance of the Spur Line and operation of the Air Rail Link. CN shall not be required to fund or subsidize, directly or indirectly, any costs and expenses incurred by the Respondent in designing, constructing, maintaining and operating the Air Rail Link. CN shall not be required to be a partner, joint venturer or agent of the Respondent and the Respondent shall undertake the design, construction, maintenance and operation of the Air Rail Link at its own risk and expense.
- (b) **Signals and Communications for Spur Line:**
 - (i) **CN to Design and Build** - CN shall design and build all the signals and communications systems for the Spur Line required for the purpose of train control and dispatch on the CN Track and the Spur Line.
 - (ii) **Respondent to Compensate CN for Costs** - The Respondent shall compensate CN for all costs incurred by CN related to (i) above.
- (c) **Track for Spur Line**
 - (i) **CN to Review Track Configuration** - Subject to paragraph (d), CN shall have the right to review and approve the track configuration proposed by the Respondent, for the Spur Line. Respondent acknowledges and agrees that, as a minimum, all main line crossovers within the proposed Woodbine interlocking facility, shall be designed to permit operating speeds of at least 45 miles per hour. Turnouts connecting the Spur Line to the CN Track should be designed for 45 miles per hour where practical, as determined by CN in its unfettered discretion, but shall in no case be capable of a speed less than 30 miles per hour. Respondent shall not be entitled to proceed with the work unless and until CN has approved the track configuration as aforesaid.
- (d) **Improvements to CN Track** - CN will design and build, (or cause to be designed and built) and, except as hereinafter set forth, own, all the infrastructure works located on the CN Track (the "Infrastructure Works") and required to enable the Air Rail Link to operate at a 15 minute headway schedule along the CN Track, it being understood that the cost of the Infrastructure Works shall be assumed by GO. For greater clarity, references herein to "Infrastructure Works" shall not include infrastructure works required in connection with the Air Rail Link service, but located outside the CN Track, but shall include all works required to connect the Spur Line to the CN Track including, without limitation, the cost to build the interlocking plant on the CN Track, together with any and all signals related thereto. The CN GO Master Construction Agreement in effect will govern the

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roles and responsibilities of CN and GO in connection with the Infrastructure Works.

- (e) Access Control Devices/Noise Barriers – It is understood and agreed that all access control devices including, without limitation, fences, as well as all noise barriers shall be built by GO and paid for by the GO and maintained by GO at GO's costs and shall be erected outside the limits of the CN Track.
- (f) Vehicle Equipment Specifications - The Respondent shall utilize single level DMU vehicle technology with a minimum 50 passenger capacity that must meet the following CN requirements in order to operate on the CN Track:
 - (i) Structural Strength: Respondent shall demonstrate structural strength, which meets Transport Canada's applicable regulations and FRA's latest specifications. The structural integrity shall also be no less than the standards of previous successful passenger cars operated in Canada: Budd RDC, VIA Budd Stainless Steel passenger cars, GO Transit bi-level commuter cars and VIA LRC passenger cars. The respondent will establish conformance with structural documentation, which shows equivalence. European standards, which use lesser overall body strength standards and depend upon crush zone and energy absorption concepts are not acceptable.
 - (ii) Compatibility: The proposed equipment must have a coupling system and braking system, which is compatible with North American standards for passenger and freight operation. This will ensure that rescue and main line movements are facilitated.
 - (iii) Wheelset Standards: The proposed equipment must have wheelset mounting (back-to-back), wheel dimensional and tread profile standards which are compatible with CN's track and are similar to current North American freight or passenger cars. Respondent will demonstrate with drawings that wheelset dimensions will negotiate CN's special track work (frogs, guard rails, switch points, etc.).
 - (iv) Track Circuit Shunting / Successful Detection of Wheel Sets and Activation of Signals: By physical testing on the CN Track, the proposed equipment must demonstrate the consistent ability to completely shunt all track circuits in all weather and track conditions. The testing, to take place on the CN Track must be scheduled well in advance of the ARL service implementation and will be at the sole cost of the respondent.
 - (v) Braking Distance: The proposed equipment will demonstrate the ability under all weather conditions to stop within the signal spacing on the CN

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Track. The respondent will provide to CN a detailed written report on the braking distance testing of the equipment.

- (vi) **Track-Train Dynamics:** The proposed equipment will meet all Transport Canada's applicable regulations as well as FRA and AAR track worthiness standards appropriate for high-speed passenger cars. These standards will be no less than the standards and criteria long established by existing passenger equipment in Canada listed under (i). The respondent will demonstrate by tests (such as at AAR-TTCI Pueblo) and by dynamics modelling using AAR NUCARS. European dynamics models, which do not allow direct comparison to AAR M-1001 Chapter XI standards and to existing North American passenger equipment, are not acceptable.
- (vii) **Safety Appliances and Other Regulatory Requirements:** The proposed equipment will meet all regulations and standards of the FRA and Transport Canada.
- (viii) **Review and Inspection:** CN reserves the right to request and receive information on the design, to establish the proposed equipment meets the above CN requirements. CN also reserves the right to inspect equipment prior to being placed in service. CN review and inspection will not bind CN to having any responsibility for the suitability, design, cost reliability, maintainability or safety of the equipment.
- (ix) **Other Requirements –** The proposed equipment will be able to operate along the Spur Line track and, in particular, be able to climb a 3% track grade from a standing start; and be equipped with an appropriate automatic braking over-ride system that limits the speed entering the T1 New Station to 10 km/hr.
- (g) **Constructor Designation -** The Respondent's designated constructor shall be deemed to be the "constructor" for the purposes of applicable construction and health and safety legislation for the Spur Line construction.
- (h) **The Respondent shall maintain and make available to CN upon demand, at its sole cost, as-built construction drawings of the Spur Line.**
- (i) **Ownership of the Infrastructure Works –** CN shall be the sole owner of all Infrastructure Works, other than (i) the West Toronto Diamond rail/rail grade separation rail carrying structure (which for greater clarity does not include tracks and signals) between the CN Track and the Canadian Pacific Railway North Toronto Subdivision, which shall be the property of Canadian Pacific Railway; and (ii) all road/rail grade separations rail carrying structure which shall be the property of the City of Toronto.

- (j) Alterations/Additions Required by Governmental Authority - The Respondent shall indemnify CN for any costs and expenses sustained by CN arising out of any alterations or additions to the property and facilities of CN which are required by any Governmental Authority as a result of the Air Rail Link Service.

The Respondent will share into the costs and expenses of any alterations or additions to the CN Track which are required by any Governmental Authority and which do not result from the Air Rail Link Service, in the proportion that the number of trains operated in the immediately preceding calendar year on the CN Track in connection with the Air Rail Link service, bears to the total number of trains operated on the CN Track during that calendar year. For the first year of the term, the costs and expenses shall be apportioned based on a good faith traffic estimate, and adjusted to actuals at the end of the year.

4.3 Operation/Maintenance of the Air Rail Link

- (a) Air Rail Link Service Schedule:
 - (i) CN to Develop – Six months prior to the Air Rail Link service implementation, CN shall develop the Air Rail Link service schedule (“Service Schedule”) considering all other users of the CN Track. The Respondent acknowledges that the Air Link service shall be provided without disruption, loss or impairment to the operating capacity available to CN on the CN Track prior to the initiation of the Air Link Service and that the Service Schedule and the ancillary rights and obligations will be designed accordingly.
 - (ii) Respondent to Work Cooperatively - The Respondent shall work cooperatively with CN, VIA and GO in the development of the Service Schedule.
 - (iii) Approval of Service Schedule - The Service Schedule will require the approval of CN.
 - (iv) Service Standards - The Service Schedule must:
 - (A) begin no later than 5:30 a.m. and terminate no sooner than 12:30 a.m. , 7 days per week / 52 weeks per year; and
 - (B) utilize a headway of either 15-minute, 20-minute or 30 minute. (for greater certainty this means that service cannot be less frequent than every 30 minutes at any time between 5:30 a.m. and 12:30 a.m.).
- (b) Train Control Along CN Track and Spur Line:

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- (i) CN shall provide train control and dispatch on the CN Track and the Spur Line. CN shall assign priorities and routing, in its complete discretion, which will protect the safe and on-time operations of all users.
 - (ii) CN and the Respondent shall adhere to the Service Schedule subject to train priority, as determined by CN. Both parties shall work together, and use best efforts, to strive to achieve 100% on-time performance with a minimum of service alterations, which might otherwise inconvenience the users of the Air Rail Link service and other users of the CN Track.
- (c) Heavy Rail Restriction – The Successful Respondent shall be responsible to spearhead the development and implementation and shall cooperate with CN and GO to develop and implement appropriate measures to prevent heavy passenger rail and freight trains from entering the Spur Line, recognizing that ultimately, the prevention measure will depend on crews operating to rules and signals. The Successful Respondent shall assume all costs and expenses incurred by CN in connection with the development and implementation of the aforesaid prevention measures.
- (d) Maintenance:
- (i) The Respondent shall be responsible, at its sole cost and expense, to maintain, enhance, improve, repair and replace the Spur Line.
 - (ii) The Respondent shall be responsible, at its sole cost and expense, to maintain, enhance, improve, repair and replace the Air Rail Link DMU vehicles to the appropriate Governmental Approval standards.
 - (iii) CN reserves the right to inspect the Air Rail Link DMU vehicles, at any time and without any prior notice provided to the Respondent.
 - (iv) CN shall perform all maintenance associated with the Infrastructure Works whose ownership shall be vested in CN (as provided under Section 4.2(i) above), it being understood and agreed that, except as hereinafter provided, maintenance, replacement and/or reconstruction of the Infrastructure Works whose ownership shall not be vested in CN shall be performed by the owner thereof. The parties hereto acknowledge and agree that the cost of the operating maintenance of the Infrastructure Works is built-in the Access Fee. Maintenance of a capital nature shall be performed by CN, at Respondent's sole costs and expenses. For the purposes hereof, operating maintenance shall refer to day-to-day maintenance as recorded by CN in its expense account in accordance with its accounting standards and procedures; and capital maintenance shall refer to replacement or additions to the Infrastructure Works, generally on

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a programmed basis, as recorded by CN in its capital account in accordance with its accounting standards and procedures.

Notwithstanding the foregoing, maintenance of rail carrying structures over roads shall be performed by CN and paid for by GO.

- (e) Vehicle Storage - The Respondent shall secure an appropriate storage facility for the Air Rail Link DMU vehicles that conforms to all Governmental Approval standards.
- (f) Train Crews:
 - (i) Option of Respondent - The Respondent may use CN crews but is not obligated to do so.
 - (ii) In the event the respondents choose to use non-CN personnel to crew and operate the ARL service, the following will apply:
 - (iii) CN Supervision - Non-CN personnel operating the ARL Service will at all time and from time to time operate under the supervision of a CN Officer, the cost of which will be assumed by the Respondent. CN retains the right to enforce any disciplinary measures, in accordance with its own collective agreements, against any non-CN personnel operating on the CN Track who is not conforming to rules and instructions.
 - (iv) Qualifications Standards Regulations (QSOC): All operating personnel of the Respondent will require a valid certificate of qualifications as an indication that the employee has passed the examinations required by the "Railway Employee Qualifications Standards Regulations". Certificate of qualification will indicate the employee occupation and the endorsement 1987-3 RAIL.
 - (v) Courses: The operating personnel must be qualified for the occupation of Locomotive Engineer, which required the successful completion of the following courses:
 - 1- CROR (Canadian Rules Operating Railways)
 - 2- Block & Interlocking Signals
 - 3- Air Brake
 - 4- Dangerous Goods
 - 5- Radio
 - 6- Passenger Evacuation

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- 7- Train Marshalling
- 8- Equipment Inspections
- 9- Trains Handling
- 10- Motive Power

- (vi) Minimum Mark: To work under CROR, the operating personnel must pass with a mark of at least 80%, all of the above examination, at intervals which shall not exceed 3 years
 - (vii) Examination to CN Standards: In addition to the above, non-CN personnel operating on the CN Track must also pass written examination on special instructions and the CROR to CN specific standards. The cost of this examination will be the Respondent's responsibility.
 - (viii) Qualifying Run: Each non-CN personnel will be required to pass a qualifying run with a qualified CN Officer, after which, and also based on the practical operating experience of each potential ARL crew, CN in its discretion, will accept or decline the non-CN personnel for operating on the CN Track. The cost of this qualifying run will be the Respondent's responsibility.
 - (ix) Size of Crew - The size of the crew shall be a minimum of two per train.
 - (x) Labour Code - The Respondent shall comply with the requirements of the Canadian Labour Code.
- (g) Access - As part of the Final Stakeholder Agreement and subject to the terms thereof, CN shall grant the Respondent the right of access to the CN Track, but only to the extent all Infrastructure Works have been completed to CN's satisfaction and entirely paid for.
- (h)

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5. NEGOTIABLE TERMS

6. OPTIONAL PROVISIONS

- (a) Vehicle Maintenance - CN can provide vehicle maintenance services and is prepared to negotiate with the Respondent, subject to final design selection, inventory size, inspection / maintenance frequency etc., and consultation with the equipment manufacturer. Maintenance and inspections services would be at commercial rates.
- (b) Vehicle Storage - CN can provide vehicle storage services and is prepared to negotiate with the Respondent to provide such services. Storage fees would be at commercial rates.
- (c) Train Crews - CN can provide train crews and is prepared to negotiate with the Respondent to provide such services, including the terms and conditions therefor.

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7. NON-COMPETITION

For as long as this Stakeholder Agreement Letter is in full force and effect, as provided for under Section 2 and 3 hereof, CN shall negotiate exclusively with Respondent should it be selected as the Successful Respondent in connection with the Air Rail Link and shall not, directly or indirectly,

- (a) solicit, facilitate, initiate contact with or solicit or encourage in any manner, any inquiries or proposals or offers from,
- (b) participate in any discussions or negotiations with,
- (c) furnish or cause to be furnished, any information to,
- (d) afford any access to its properties, books or records to, or
- (e) otherwise assist, facilitate or encourage,

any individual, person or entity, other than the Respondent or its representatives, in connection with the Air Rail Link or any passenger rail service which would be competitive with the Air Rail Link.

8. GENERAL

Whenever this Stakeholder Agreement Letter contemplates an undertaking by Transport Canada or a third party, it is understood and agreed that it shall be a condition of CN's undertaking hereunder that Transport Canada and such third party agrees in writing to be bound by the terms hereof or, as the case may be, restates such undertaking in writing for the benefit of CN, failing which CN's undertaking hereunder shall be considered null and void. This condition is included for the exclusive benefit of CN and may be waived at all time, in whole or in part, in writing by CN.

Whenever this letter contemplates that a third party is responsible for certain costs and expenses, nothing herein shall be construed as a limitation on such third party's ability to share these costs with a third party other than CN, it being understood that the party responsible to CN hereunder shall continue to be primarily responsible towards CN, such sharing agreement notwithstanding.

Time is of the essence for this Stakeholder Agreement Letter. This Stakeholder Agreement Letter shall be governed by and construed in accordance with the laws of the Province of Ontario. Each party submits to the jurisdiction of the courts of Ontario with respect to any matter arising under or related to this Stakeholder Agreement Letter. Each party shall bear its own costs and expenses with respect to any matter arising under or related to the Process, this Stakeholder Agreement Letter and the Final Stakeholder Agreement. This Stakeholder Agreement Letter shall enure to the benefit of and shall be binding upon CN and the Respondent

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and their respective successors. This Stakeholder Agreement Letter and the rights of the parties hereunder are not assignable.

Yours very truly,

CANADIAN NATIONAL RAILWAY COMPANY

By: 

Keith Heller, Senior Vice President, Eastern Canada Division

Respondent hereby accepts and agrees to the foregoing this * day of *, 2003 and agrees that if it is the Successful Respondent it shall negotiate the Final Stakeholder Agreement with CN in good faith so that the Final Stakeholder Agreement may be settled, executed and delivered within the time period set forth in Section 3.1 of the foregoing Stakeholder Agreement Letter. Respondent agrees that it may be liable to CN for any failure to comply with this obligation.

MACQUARIE NORTH AMERICA LTD. AND ARUP CANADA INC.

By: _____
James C.S. Cowan, Executive Vice President
Macquarie North America Ltd.

4/6/04

**SCHEDULE A
GLOSSARY OF TERMS**

“**Access Fee**” has the meaning set forth in Section 5 of this Agreement.

“**Agreement**” means this CN Stakeholder Agreement Letter.

“**Air Rail Link**” has the meaning set forth in this Agreement.

“**APM Station**” means the means the airport people mover station that is to be designed, built and operated by GTAA as described in the Earth Tech Report at T1New.

“**CN**” means the Canadian National Railway Company.

“**CN Track**” means the portion of the CN Weston Subdivision from its junction with the Spur Line to its junction with the USRC.

“**DMU**” has the meaning set forth in Section 4.1(k) of this Agreement.

“**Equity Participant**” has the meaning set forth in the Restriction on Transfer Agreement.

“**Final Stakeholder Agreement**” means the final agreement or agreements between each Stakeholder and the Successful Respondent which are necessary to implement the provisions of the Stakeholder Agreement Letter of the Major Stakeholders and the terms and provisions of the letters of the Minor Stakeholders to Transport Canada and attached to the RFBC, as well as all other ancillary terms and provisions which are agreed between such Stakeholder and the Successful Respondent.

“**GO**” means GO Transit.

“**Governmental Approvals**” means any qualification, approval, authorization, consent, privilege, concession, franchise, license, permit or certificate from any Governmental Authority.

“**Governmental Authority**” means any government or governmental or regulatory body thereof, or any agency thereof, that has, in each case, asserted jurisdiction over the matter in question.

“**GTAA**” means the Greater Toronto Airports Authority.

“**Infrastructure Works**” means the works located on the CN Track and required to enable the Air Rail Link to operate at a 15 minute headway schedule along the CN Track.

“**LBPIA**” means the Toronto Lester B. Pearson International Airport.

“**Major Stakeholders**” means:

Canadian National Railway Company

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GO Transit
Greater Toronto Airports Authority

“Minor Stakeholders” means:

- The Corporation of the City of Mississauga
- The Corporation of the City of Toronto
- Ontario Ministry of Transportation
- Orlando Corporation
- The Regional Municipality of Peel
- Toronto and Region Conservation Authority
- Woodbine Entertainment Group
- VIA Rail Canada Inc.
- Enersource

“Process” has the meaning set forth in the RFBC.

“Qualified Respondents” means:

Consortia	Member Firms
PEARL Consortium	Bombardier and AMEC with strategic partners Hatch Mott MacDonald and IBI Group
Union Pearson Group Inc	SNC-Lavalin; PCL Constructors Canada; Kilmer Van Nostrand; OMERS Realty Corporation; Jones Lang Lasalle, and O&Y Properties
GTA LRT Consortium	Alstom and Aecon
N/A	Macquarie North America and Arup & Partners

“Response” means any response to the RFBC submitted by a Qualified Respondent.

“Respondent” means the Qualified Respondent to whom this Stakeholder Agreement Letter is addressed.

“RFBC” has the meaning set forth in this Agreement.

“RFEOI” has the meaning set forth in this Agreement.

“Service Schedule” has the meaning set forth in Section 4.2(a).

“Spur Line” means the portion of the Air Rail Link comprised of the foundations, piers, fencing, guideways, decking, track, track ballast, track appliances, special track work, signals, communication equipment and, that may be constructed from the CN Weston Subdivision (just west of Highway 427) to the limits of the proposed T1 New Station.

“Stakeholder” has the meaning as set forth in this Agreement.

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"Stakeholder Agreement Letter" means this letter agreement and other letter agreements between each Qualified Respondent and each Major Stakeholder setting forth the terms upon which such Major Stakeholder is prepared to become involved in the Air Rail Link, as the same may be amended, replaced or restated pursuant to the terms of such letter agreements.

"Successful Respondent" has the meaning set forth in this Agreement.

"T1 New Station" means the extension of the APM Station required to accommodate the Air Rail Link.

"T1 New" means the new terminal currently under construction by GTAA at the LBPIA.

"Term" has the meaning set forth in Section 4.1 (d) of this Agreement.

"Transport Canada" means Her Majesty the Queen in right of Canada as represented by the Minister of Transport.

"Union Station" means the Toronto Union Station.

"USRC" means the portion of the Union Station Rail Corridor from its junction with the CN Track to Toronto Union Station.

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